

Message Text

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PAGE 01 LIMA 03811 01 OF 02 262253Z

63

ACTION ARA-10

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 ITC-01 L-03 H-02 PA-02 PRS-01 SEC-01 /114 W

----- 126587

R 262135Z APR 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9896

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

USDEL MTN GENEVA

UNCLAS SECTION 1 OF 2 LIMA 3811

EO 11652: NA

TAGS: EFIN, EIND, ETRD, MTN, PE

SUBJ: ANCOM: COMPLETE SUMMARY OF DECISIONS 97, 100, AND 101

REF: LIMA 3459, LIMA 3754, STATE 96023, GENEVA 3108

1. FOLLOWING PARAGRAPHS CONTAIN INFORMAL, SOMEWHAT TRUNCATED
TRANSLATIONS OF DECISIONS 97 (RE CHILE), 100 (ADDITIONAL
PROTOCOL TO CARTAGENA AGREEMENT, AND 101 (RE BOLIVIA), AS
PROMISED LIMA 3754. WE CONSIDER THAT OTHER DECISIONS PROMULGATED AT
APRIL 7-9 MINISTERIAL MEETING WERE SUFFICIENTLY
REPORTED IN LIMA 3459. EMBASSY IS REPEATING LIMA 3458
AND 3754 TO GENEVA.

2. DECISION 97: RELATING TO ARTICLES 7 AND 27 OF
CARTAGENA AGREEMENT AND DECISION 24 OF COMMISSION.

ARTICLE 1: GOVERNMENT OF CHILE IS EMPOWERED TO

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PAGE 02 LIMA 03811 01 OF 02 262253Z

AUTHORIZE SALE TO FOREIGN INVESTORS OF STOCKS, SHARES,

OR OPTIONS IN ENTERPRISES THAT ARE WHOLLY OR PARTIALLY OWNED BY THAT COUNTRY'S CORPORATION FOR FOMENTING PRODUCTION AND THAT ARE LISTED IN THE ANNEX TO THIS DECISION.

ARTICLE 2: THESE ENTERPRISES WILL BE CONSIDERED AS EXISTING WITHIN THE TERMS OF ARTICLE 28 OF DECISION 24 AND CONSEQUENTLY WILL NOT ENJOY ADVANTAGES DERIVED FROM LIBERATION PROGRAM OF AGREEMENT UNTIL THEY BECOME TRANSFORMED INTO MIXED OR NATIONAL ENTERPRISES.

DEADLINES FOR TRANSFORMATION OF THESE ENTERPRISES WILL BE COUNTED FOR DATE THIS DECISION ENTERS INTO EFFECT.

ARTICLE 3: THIS DECISION WILL TAKE EFFECT FROM DATE ON WHICH ADDITIONAL PROTOCOL TO CARTAGENA AGREEMENT (DECISION 100) ENTERS INTO FORCE.

3. DECISION 100: COMMISSION RECOMMENDS SUBSCRIPTION OF FOLLOWING ADDITIONAL PROTOCOL TO CARTAGENA AGREEMENT.

ARTICLE 1: DEADLINES PROVIDED IN ARTICLE 47 FOR ENDING "RESERVE PERIOD" AND, IN CORRESPONDING ARTICLES, FOR ACCOMPLISHING LIBERATION AND COMMON EXTERNAL TARIFF PROGRAMS SHOULD BE EXTENDED BY TWO YEARS.

ARTICLE 2: COMMISSION WILL APPROVE MAXIMUM AND MINIMUM LEVELS FOR COMMON EXTERNAL TARIFF NOT LATER THAN DECEMBER 31, 1977.

ON DECEMBER 31, 1978, MEMBER COUNTRIES WILL BEGIN PROCESS OF ACHIEVING APPROPRIATE EXTERNAL TARIFF LEVELS, SO THAT THESE WILL BE FULLY IN FORCE ON DECEMBER 31, 1982, IN COLOMBIA, CHILE, PERU, AND VENEZUELA, AND IN 1987 IN BOLIVIA AND ECUADOR.

ARTICLE 3: BEFORE OCTOBER 31, 1976, COMMISSION WILL APPROVE LIST OF PRODUCTS TO BE EXCLUDED FROM RESERVE LIST FOR PROGRAMMING AND WILL DETERMINE WHICH PRODUCTS SHOULD BE SET ASIDE FOR PRODUCTION IN BOLIVIA AND ECUADOR.

UNCLASSIFIED

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PAGE 03 LIMA 03811 01 OF 02 262253Z

ON DECEMBER 31, 1976, MEMBER COUNTRIES WILL ADOPT FOR PRODUCTS ON THIS LIST A "STARTING POINT" AT WHICH ALL IMPORT RESTRICTIONS SHOULD BEGIN TO BE ELIMINATED.

REMAINING TARIFFS WILL BE WITHDRAWN BY MEANS OF SIX ANNUAL REDUCTIONS IN AMOUNTS OF FIVE, TEN, FIFTEEN, TWENTY, TWENTY-FIVE, AND TWENTY-FIVE PERCENT; FIRST OF THESE WILL BE EFFECTED ON DECEMBER 31, 1977.

ON DECEMBER 31, 1976, COLOMBIA, CHILE, PERU, AND VENEZUELA WILL ELIMINATE APPLICABLE TARIFFS ON IMPORTS FROM BOLIVIA AND ECUADOR.

BOLIVIA AND ECUADOR WILL LIBERATE THESE PRODUCTS AS PROVIDED IN CLAUSE (B) OF ARTICLE 100 OF AGREEMENT.

ARTICLE 4: FOLLOWING SHOULD BE SUBSTITUTED FOR ARTICLE 53 OF AGREEMENT:

WITH RESPECT TO PRODUCTS WHICH WERE SELECTED FOR INDUSTRIAL PROGRAMMING BUT WERE NOT APPROVED WITHIN PERIOD CONTEMPLATED BY ARTICLE 47, MEMBER COUNTRIES WILL COMPLETE LIBERATION PROGRAM IN THIS MANNER.

--COMMISSION WILL SELECT PRODUCTS TO BE PRODUCED BY BOLIVIA AND ECUADOR AND WILL ESTABLISH CONDITIONS THEREOF AND TIME IN RESERVE STATUS.

--ON DECEMBER 31, 1977, MEMBER COUNTRIES WILL ADOPT FOR REMAINING PRODUCTS STARTING POINT CONTEMPLATED IN CLAUSE (A) OF ARTICLE 52 OF AGREEMENT AND WILL ELIMINATE IMPORT RESTRICTIONS ON SAID PRODUCTS.

--TARIFFS (ON THESE PRODUCTS) WILL BE WITHDRAWN BY MEANS OF FIVE ANNUAL, SUCCESSIVE REDUCTIONS OF FIVE, TEN, FIFTEEN, THIRTY AND FORTY PERCENT; FIRST OF THESE SHOULD BE EFFECTED ON DECEMBER 31, 1978.

--ON DECEMBER 31, 1977, COLOMBIA, CHILE, PERU, AND VENEZUELA WILL ELIMINATE TARIFFS ON IMPORTS FROM BOLIVIA AND ECUADOR.

UNCLASSIFIED

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PAGE 04 LIMA 03811 01 OF 02 262253Z

ARTICLE 5: CLAUSE 2 OF ANNEX II (TWO) OF AGREEMENT SHOULD BE ELIMINATED AND FOLLOWING SHOULD BE ADDED TO ARTICLE 11 (ELEVEN):

SECTORIAL PROGRAMS FOR INDUSTRIAL DEVELOPMENT MAY BE APPROVED BY TWO-THIRDS VOTES OF MEMBER COUNTRIES, AS LONG AS THERE IS NO NEGATIVE VOTE.

IF TWO-THIRDS OF MEMBER COUNTRIES VOTE FAVORABLY ON A PROPOSAL BUT THERE IS A NEGATIVE VOTE, PROPOSAL SHOULD BE RETURNED TO JUNTA FOR RECONSIDERATION IN LIGHT OF OBJECTION(S) RAISED.

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PAGE 01 LIMA 03811 02 OF 02 262306Z

63

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CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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UNCLAS SECTION 2 OF 2 LIMA 3811

WITHIN PERIOD OF NOT LESS THAN ONE NOR MORE THAN
THREE MONTHS, JUNTA WILL PRESENT PROPOSAL AGAIN FOR
COMMISSION'S CONSIDERATION, WITH MODIFICATIONS AS
APPROPRIATE. PROPOSAL MAY THEN BE PASSED IF IT RECEIVES
FAVORABLE VOTE OF AT LEAST TWO-THIRDS OF MEMBER COUNTRIES.

ARTICLE 6: THE COUNTRY OR COUNTRIES WHICH VOTED
AGAINST PROPOSAL MAY ABSTAIN FROM PARTICIPATING IN PROGRAM,
IN WHICH CASE PROGRAM WOULD TAKE EFFECT UNDER FOLLOWING
CONDITIONS:

--AT LEAST FOUR COUNTRIES MUST PARTICIPATE.

--NON-PARTICIPATING COUNTRIES WILL INCORPORATE
PRODUCTS SUBSUMED IN PROGRAM IN THEIR RESPECTIVE LISTS
OF EXCEPTIONS (TO TARIFF RESTRICTIONS). COMMISSION WILL
THEN DETERMINE TIME FRAMES AND CONDITIONS FOR LIBERATION
AND ADOPTION OF COMMON EXTERNAL TARIFF FOR THESE PRODUCTS.

--PARTICIPATING COUNTRIES MUST AGREE NOT TO

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LIMA 03811 02 OF 02 262306Z

ENCOURAGE MANUFACTURING OF PRODUCTS WHICH WOULD HAVE BEEN ASSIGNED TO NON-PARTICIPATING COUNTRIES FOR PERIOD OF TWO YEARS. AFTER THAT, PARTICIPATING COUNTRIES WILL DECIDE ON DISTRIBUTION OF THESE PRODUCTS.

ARTICLE 7: MEMBER COUNTRIES NOT PARTICIPATING IN SECTORIAL PROGRAMMING MAY PETITION FOR THEIR INCORPORATION THEREIN AT ANY TIME.

ARTICLE 8: FOR CLAUSE (C) OF ARTICLE 52 OF AGREEMENT , FOLLOWING SHOULD BE SUBSTITUTED:

(INTERNAL) TRAFFIS REMAINING AFTER REDUCTION EFFECTED ON DECEMBER 31, 1975, WILL BE ELIMINATED BY MEANS OF SIX ANNUAL, SUCCESSIVE REDUCTIONS OF SEVEN PERCENT, COMMENCING ON DECEMBER 31, 1976; A FINAL REDUCTION OF EIGHT PERCENT SHOULD TAKE PLACE ON DECEMBER 31, 1982.

ARTICLE 9: FOLLOWING SHOULD BE SUBSTITUTED FOR CLAUSE (F) OF ARTICLE 100;

LIBERATION OF PRODUCTS NOT INCLUDED (IN ABOVE-LETTERED CLAUSES) SHOULD BE ACCOMPLISHED BY REDUCTIONS OF FIVE PERCENT ANNUALLY DURING THREE-YEAR PERIOD COMMENCING ON DECEMBER 31, 1978; TEN PERCENT ANNUALLY DURING FIVE-YEAR PERIOD FROM DECEMBER 31, 1981; THEN 15 PERCENT ON DECEMBER 31, 1986, AND 20 PERCENT ON DECEMBER 31, 1987.

ARTICLE 10; BEFORE DECEMBER 31, 1976, BOLIVIA MAY PRESENT ADDITIONAL LIST OF EXCEPTIONS COMPRISING UP TO 236 ITEMS FROM NAVALALC (COMBINATION BRUSSELS AND LAFTA TARIFFS) TO ENABLE IT TO COMPLETE, ON SAME TERMS AS ECUADOR, LIST IT IS AUTHORIZED IN ARTICLE 102 OF AGREEMENT.

ARTICLE 11: FOLLOWING SHOULD BE ADDED TO ARTICLE 45; DESPITE PROVISION IN FIRST CLAUSE OF THIS ARTICLE, COMMISSION MAY INCLUDE IN SECTORIAL PROGRAMS FOR INDUSTRIAL DEVELOPMENT LIBERATION PROGRAMS WHOSE DEADLINES EXTEND BEYOND DECEMBER 31, 1982; IN THAT CASE, EVEN LONGER EXTENSIONS WOULD BE GRANTED TO BOLIVIA AND ECUADOR.

UNCLASSIFIED

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PAGE 03 LIMA 03811 02 OF 02 262306Z

ARTICLE 12; COMMISSION MUST TAKE SUCH STEPS AS NECESSARY TO INSURE THAT BOLIVIA AND ECUADOR RECEIVE

APPROPRIATE BENEFITS UNDER ASSIGNMENTS MADE TO THEM.

ARTICLE 13: COMMISSION SHOULD BE EMPOWERED TO DOCIFY
ABOVE ARTICLES INTO CARTAGENA AGREEMENT.

4. DECISION 101: RELATING TO ARTICLES 4, 101, AND
(E) ARTICLE 7 OF CARTAGENA AGREEMENT.

ARTICLE 1: BOLIVIA MAY REQUEST JUNTA TO MAKE
SPECIFIC EVALUATIONS CONCERNING ITS PARTICIPATION IN
INDUSTRIAL PROGRAMMING ASSIGNMENTS WHENEVER IT CONSIDERS
THAT ITS CONDITION AS A MEDITERRANEAN COUNTRY PROHIBITS
IT FROM TAKING SUFFICIENT ADVANTAGE OF THESE ASSIGNMENTS.

ARTICLE 2; JUNTA WILL CARRY OUT ITS EVALUATION
WITHIN PERIOD OF NOT LONGER THAN 45 DAYS, AFTER WHICH,
IF IT DEEMS APPROPRIATE, IT MAY AUTHORIZE BOLIVIA TO
REDUCE RHYTHM OF LIBERATION FOR THOSE PRODUCTS SPECIFIED
IN CLAUSE (F) OF ARTICLE 100 OF AGREEMENT.

ARTICLE 3; THIS DECISION WILL TAKE EFFECT FROM THE
ENTRY INTO FORCE OF MODIFYING PROTOCOL CONTAINED IN
DECISION 100.
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